

**INSTRUCTIONAL WORKBOOK
FOR PREPARING THE
“REPORT ON RECEIVABLES
DUE FROM THE PUBLIC”**

**Department of the Treasury
Financial Management Service
Debt Management Services
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TABLE OF CONTENTS

Introduction.....	2
Purpose.....	2
Background.....	2
Authority.....	4
Changes to the Report.....	4
The Structure of the Report and Reporting Requirements.....	9
Inquiries	10
Certification Instructions	11
Verification Instructions.....	12
Form Identification & Preparer Information	13
Part I: Status of Receivables	16
Section A: Receivables and Collections	17
Section B: Delinquent Debt by Age.....	22
Part II: Debt Management Tool and Technique Performance Data	25
Section A: Delinquent Debt 180 Days or Less	26
Section B: Debt Eligible for Referral to Treasury for Offset and Cross-Servicing.....	30
Section C: Collections	36
Section D: Debt Disposition	40
Part III: Footnotes	43
Glossary	44

INTRODUCTION

Purpose

This document presents the form and instructions for the preparation and submission of the Report on Receivables Due from the Public (Receivables Report), as revised effective May 2004.

This report is the Department of the Treasury's only comprehensive means for periodically collecting data on the status and condition of the Federal Government's non-tax debt portfolio, in accordance with the requirements of the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996 (DCIA).

The information contained in the report is disseminated to the Congress, the Office of Management and Budget, agency Chief Financial Officers, the Federal Credit Policy Working Group, other officials and representatives of Federal and state organizations, private sector organizations, and the public.

Background

Treasury has been collecting data on the status of the Government's debt portfolio since the early 1980's. This Instructional Workbook was last revised in 2004 and the last version of the Receivables Report was implemented in the second quarter of Fiscal Year 1999.

The 1998/1999 revision was necessitated by the passage of the DCIA, which expanded Treasury's responsibilities in the area of debt management and placed new requirements on the agencies for collecting their delinquent debts. Under the DCIA, agencies are required to (1) notify Treasury of delinquent debts over 180 days old so that Treasury may offset payments to collect on legally enforceable debts and (2) transfer legally enforceable delinquent debts over 180 days old to Treasury for collection. The provisions in the DCIA made it critical that Treasury and the agencies be able to identify the steps taken to collect the Government's delinquent debts.

In addition to being revised to capture data relevant to the provisions in the DCIA, the 1998/1999 revisions also incorporated: (1) recommendations for changes in reporting made by the U.S. General Accounting Office; (2) results of a survey of current reporting entities on usefulness of the existing data; and (3) comments and suggestions from an interagency task group assembled for the purpose of revising the report.

As part of the 1998/1999 revisions, the Receivables Report no longer represented itself to be an accounting report. The Receivables Report serves as a management report which informs Federal decision makers of the **gross book value** of the debts held by the Federal Government and the actions taken to enforce collection. Thus, the debt amounts listed in an agency's Receivables Report are not necessarily identical to the amounts reported on an agency's financial statements which are presented in accordance with Credit Reform guidance, i.e., net present value.¹

Also part of the 1998/1999 revisions was the requirement that agencies reconcile their Receivables Reports with the receivables data reported on their financial statements. Along with that requirement, Treasury recognized a serious timing difference between the submission of fiscal year end data for the Receivables Reports and that used for the financial statements. The fiscal year end Receivables Reports are due in November, and agencies' financial statements are not due until February/March of the next year. The timing disparity continues to add complexity to timely reconciliation.

¹Generally, direct loans obligated and outstanding prior to October 1, 1991, are recorded as loans receivable at their outstanding principal balance reduced by an allowance for estimated uncollectible amounts. Direct loans and loan guarantees committed after September 30, 1991, are accounted for in accordance with the Statement of Federal Financial Accounting Standards No. 2, Accounting for Direct Loans and Loan Guarantees, at the net present value of their estimated net cash inflows.

Authority

Department of the Treasury's Financial Management Service's (FMS) authority to require information such as that found on the Receivables Report is found in the Debt Collection Improvement Act of 1996 (DCIA) 31 United States Code, Section 3719, and United States Code Title 31, Money and Finance, Chapter 35, "Accounting and Collections," Section 3515.

Changes to the Report

The purpose of this current revision of the Receivables Report and this Instructional Workbook is to make several minor but important revisions to the data. These changes will enable Treasury to capture data of greater relevancy to Congress and the Office of Management and Budget, while simultaneously reducing the reporting requirements for data that have minimal value for government-wide debt management purposes.

There are three (3) key areas in which changes were made to the report this year. These areas are:

- (1) **Line Items:** Throughout the report, several line items have been added/amended to ensure greater accuracy in reporting. These line item additions or amendments are designed to diminish the difficulty and ambiguity in the preparation of the reports. They are listed below and will be further explained throughout the workbook.

Part I Section 6A – Currently not Collectible

Part I Section 6B – Written off and Closed Out

Part II Section B1 – Debt Eligible for Referral to Treasury for Offset

Part II Section B1A – Delinquent Debt Over 180 Days and Currently not Collectible

Part II Section B1H – Debt Referred to DOJ/Litigation

Part II Section B1I – Debt Eligible for Referral to Offset by Agency

Part II Section B1J – Debt Referred to Treasury for Offset

Part II Section B1K – Balance of Debt Eligible for referral by the Agency

Part II Section B2A – Debt Eligible for Referral to Offset by Agency

Part II Section B2D – Debt Exempted by Treasury from Cross Servicing

Part II Section B2G – Debt Referred to Treasury for Cross Servicing

Part II Section B2H- Balance of Debt Eligible for referral by the Agency

Part II Section D1 – Currently not Collectible (Written Off and Not Closed Out)

Part II Section D2- Reported to IRS on Form 1099-C (Written Off and Closed Out)

- (2) **“Other” Category:** The “Other” category, in Part II Section B of the Receivables Report, is used for unique exemptions from both Cross-Servicing and Treasury Offset. **It should be used with restrictions.** The report has been enhanced to contain pop-up screens that will appear when filling in the “Other” category line item. This will allow each preparer to understand what goes in this category, as well as provide Treasury with more reliable data.

Listed below are classifications of debt, with explanations, which indicate whether it is appropriate to place the classification in this category. If it is inappropriate to place the classification in the “Other” category, the explanation states where that classification belongs.

(A) **Estate debt:** To collect against an estate, the agency must file a claim against the estate. This is typically done through a probate court. If the agency is proceeding against the estate, it should be categorized IN LITIGATION.

(B) **Debts in Litigation at the Agency:** If a debt is not being handled by DOJ, it can still be considered IN LITIGATION if an actual court proceeding has been commenced. If the debt is with the agency counsel who is

considering, but has NOT actually started litigation, then the debt should be REFERRED TO TREASURY and not reported as an exemption.

(C) **Compromise Debt:** The amount of a debt remaining after the agency has compromised with the debtor and has received the payment, generally is NOT legally enforceable. The agency needs to determine whether to report this to the IRS on a 1099-C and get it off its books.

(D) **State Managed Federal Debt:** This should be classified in the Debt Exempted by Treasury for Cross-Servicing category, since the debt is being serviced by a third party.

(E) **Deficiencies for Foreclosure:** If an actual ongoing foreclosure proceeding is taking place, the debt should be classified in FORECLOSURE. If a legally enforceable deficiency remains after foreclosure, the debt is eligible for both OFFSET and CROSS-SERVICING.

(F) **Repatriation Loans Over 10 Years Delinquent:** These debts are essentially written-off as uncollectible. They remain on the agency's books for the sole purpose of preventing a debtor from obtaining a new passport until the debt is paid off.

(G) **Debt over 10 years old:** If a debt is on an agency's books, it is exempt from OFFSET, but eligible for CROSS-SERVICING because TOP has a limitation of 10 years, unless otherwise provided by law. Cross-Servicing accepts debts over 10 years.

(H) **Repayment Agreements or Installments:** If the agency and the debtor have reached either an installment or repayment agreement, this amount is no longer delinquent and the debt is reclassified as a CURRENT RECEIVABLE and should be taken out of the 180 days.

(I) **Foreign Debt:** This category is only for SOVEREIGN DEBT. All other foreign debt is eligible for referral to Treasury.

(J) **Debt Referred to Treasury:** There will be a separate line item on the Receivables Report for agencies to enter this amount. This will begin the fourth quarter of Fiscal Year 2000.

(K) **Debt at PCA:** HHS, Education and Postal Service are agencies allowed to have debt over 180 days delinquent at PCAs. Agencies may have debts less than 180 days delinquent at PCAs, but once those debts become 180 days delinquent the debts remain exempt for another 30 days and then the debts must be REFERRED to TREASURY because these debts are considered eligible.

(L) **Not Legally Enforceable:** Debts that are classified as in suspense, deemed not valid or no final determinations that the debts are due and valid should be classified in the “Other” category since they are not legally enforceable.

(M) **Debts Being Serviced by Third Parties:** Third party debts include debts at third parties that are not being serviced by the agency. This debt category is exempt and classified in the Debt Exempted by Treasury from Cross-Servicing category.

(N) **Scheduled for Sale:** The DCIA excludes debts for referral to Treasury for cross-servicing that will be disposed of under an asset sales program within one year of becoming eligible for sale, or later than one year if consistent with an asset sales program and a schedule established by the agency and approved by the Director of the Office of Management and Budget. This should be classified in the “Other” category.

- (3) **Currently Not Collectible (CNC):** OMB Circular No. A-129 is being revised to include a debt write-off policy that seeks to accurately portray the true economic value of receivables on the balance sheet, while preserving management options that will maximize collection of

delinquent debt. Generally, write-off is mandatory for delinquent debt older than two years, unless documented and justified to OMB in consultation with Treasury. Once the debt is written-off, the agency must either classify the debt in a new reporting category entitled “currently not collectible” (CNC) or close out the debt. Debts in CNC status are reported in the Receivables Report, and these debts are eligible for both offset and cross-servicing. Cost effective collection efforts should continue for CNC debts. Agencies should continuously review CNC debt and annually reclassify CNC debt that should be closed out or included in asset sales.

The Structure of the Report and Reporting Requirements

General

The Receivables Report consists of three parts: I - Status of Receivables, II - Debt Management Tool and Technique Performance Data, and III - Footnotes.

The form asks for data in two columns:

- (1) **Number of Receivables:** The number should represent the actual number of debts or claims. Examples: (1) if a debtor has several separate claims, each claim should be counted individually; or (2) if a claim has numerous bills/invoices or is being paid in installments, each invoice or installment payment should not be counted individually; the underlying claim is counted once.
- (2) **Dollar Amount of Receivables:** The dollar amount should represent the sum of the principal, interest and late charges associated with the receivables.

Dollar amounts are reported in whole dollars. Amounts of 49 cents or less should be rounded down to the nearest dollar and amounts of 50 to 99 cents should be rounded up to the next dollar.

Agency programs are required to submit separate reports for direct loans, defaulted guaranteed loans, and administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans).

Reporting Frequency

FMS is requesting that all federal agencies report quarterly. Total receivables include principal, interest, and late charges.

Reports are due to FMS by the end of the 30th day of the month following the close of each quarter (for example, 2nd quarter FY 2004 reports are due by April 30, 2004). All 4th quarter reports are due by November 15, 2004.

Reporting Mechanism	<p><i>All reports will be submitted to FMS via the Internet utilizing the Debt Management Information System (DMIS).</i></p> <p>Any agency that fails to report will be footnoted as non-reporting in all reports distributed and published for that quarter and in year-end reports. Agency Management will be held responsible for non-reporting entities.</p>
Verification	<p>All 4th quarter (year-end) reports must be verified by the submitting agency's Chief Financial Officer or equivalent.</p> <p><i>Verification of the Receivables Report means that the report has been reconciled to the agency's Audited Financial Statements or in its absence to the Federal Agencies Centralized Trial -Balance System (FACTS).</i></p> <p>Only one verification per agency is to be submitted. The verification process is available on the Internet via DMIS. The verification form is submitted <u>separately</u> from the Receivables Report itself. Verifications are due to FMS by March 31.</p>
Certification	<p>All 4th quarter (year-end) reports must be certified by the submitting agency's Chief Financial Officer or equivalent. Certification means that the amounts reported on the Receivables Report for cross servicing and offset are correct and will be used to monitor compliance with the DCIA. Certifications are due to FMS by December 15. To access the system to view your agency's reports, a user ID will be issued by calling (205) 912-6403. The certification letter can be retrieved from the FMS public web site, completed, signed and faxed to (205) 912-6444.</p>
Inquiries	<p>Inquiries pertaining to the form or instructions should be directed to Debt Management Services, FMS:</p> <p>Telephone Numbers: (202) 874-6660 or (205) 912-6400 Fax Numbers: (202) 874-7494 or (205) 912-6444</p>

CERTIFICATION INSTRUCTIONS

All 4th quarter (year-end) reports must be certified by the submitting agency's Chief Financial Officer or equivalent. Certification means that the amounts reported on the Receivables Report for cross servicing and offset are correct and will be used to monitor compliance with the DCIA.

Certifications are due to FMS by December 15. To access the system to view your agency's reports, a user ID will be issued by calling (205) 912-6403. The letter can be retrieved from the FMS public web site, completed, signed and faxed to (205) 912-6444.

VERIFICATION INSTRUCTIONS

Only one verification per agency is to be submitted. The verification is to be submitted by the Chief Financial Officer (CFO) or equivalent.

The verification should state that the information presented in Part I, Section A, Ending Balance line of the "Report on Receivables Due from the Public" was reviewed and is reconciled to the receivable balances in the agency's (a) Form and Content -Audited Financial Statements, i.e., the Balance Sheet and (b) Federal Agencies Centralized Trial - Balance System (FACTS). If the report is not reconciled to the Balance Sheet and FACTS, the verification should state so, with an explanation as to why verification is not possible. Agencies should also disclose the audit opinion of the Financial Statements or any issues regarding the pertinent accounts.

FMS acknowledges that there will be differences among the balances reported since the Receivables Report presents the gross book value of receivables as opposed to the net present value presented on the Audited Financial Statements and in FACTS. Note: Report accrued interest on this report the same as it is reported in FACTS and the financial statements, up to 180 days of delinquency. If interest is accrued on debts over 180 days delinquent and included in FACTS submissions and on the financial statements, report it in this report with a footnote.

Include in the report all receivables for programs that are administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity.

Agencies are required to verify the Receivables Report by using the Data Verification Application available on the Internet.

Verifications are due to FMS by March 31st of each year for the preceding Fiscal Year.

Questions concerning the verifications should be directed to:

Financial Management Service

Telephone Number: (205) 912-6400

Fax Number: (205) 912-6444

FORM IDENTIFICATION & PREPARER INFORMATION

The following pages give instructions on how to identify the form, the reporting entity, the type of receivable, the preparer, and the supervisor. Other general guidelines for completion of the Receivables Report are also included.

FORM IDENTIFICATION & PREPARER INFORMATION**Report on Receivables Due From the Public**

Reporting Entity Code: _____ Fiscal Year: _____ Quarter: _____

Type of Receivable: Direct Loans: Defaulted Guaranteed Loans: Administrative:

Agency Contact Information

Preparer's Name: _____

Telephone Number: _____

Preparer's Facsimile No.: _____

E-Mail Address: _____

Supervisor's Name: _____

Telephone Number: _____

Address: _____

E-Mail Address: _____

City: _____ State: _____

Zip Code: _____

INSTRUCTIONS

FORM IDENTIFICATION

To identify the form:

- (1) Know the Fiscal Year and Quarter for which you are preparing the report.
- (2) Know the nine-digit Reporting Entity Code. This code identifies the entity for which the report is being prepared. It is unique for each reporting entity. The first two digits identify the agency; the next two digits identify the bureau; the remaining digits identify the entity. You will also need to preface the Reporting Entity Code by an alphabetic character to identify the type of receivable (please see 3 below).
- (3) The Type of Receivable identifier tells whether the Receivables Report is being prepared for direct loans, defaulted guaranteed loans, or administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans). For example, the entity "10-09-90000" may consist of both direct loans and administrative receivables; the reporting codes would be "D10-09-90000" and "A10-09-90000" respectively (D = Direct Loan; F = Defaulted Guaranteed Loan; A = Administrative). A **separate** report is required for each type of receivable for each entity.

PREPARER INFORMATION

Enter the preparer's name, telephone number, facsimile number, and E-mail address; the supervisor's name, telephone number and E-mail address and the preparer's street address.

PART I
STATUS OF RECEIVABLES

Part I of the Receivables Report addresses the status of receivables. Outstanding receivable balances and current fiscal year activities are captured; delinquent receivables are aged and classified; and rescheduled debts are classified.

PART I

Part I - Status of Receivables						
					Number	Dollars
Section A Receivables and Collections						
(1) Beginning FY Balance					0	
(2) New Receivables(+)						
(3) Accruals(+)						
(4) Collections on Receivables(-)						
(A) At Agency(-)						
(B) At Third Party(-)						
(C) Asset Sales(-)						
(D) Other - must footnote(-)						
(5) Adjustments(+ or -)						
(A) Reclassified/Adjusted Amounts(+ or -)						
(B) Adjustments Due to Sale of Assets(+ or -)						
(C) Consolidations(+ or -)						
(6) Amounts Written Off(-)						
(A) Currently not Collectible(-)						
(B) Written off and Closed Out(-)						
(7) Ending Balance						
(A) Foreign/Sovereign(+)						
(B) State and Local Government(+)						
(8) Rescheduled Debt						
(A) Delinquent(+)						
(B) Non-Delinquent(+)						
(9) Interest & Late Charges(+)						

INSTRUCTIONS

General

Section A - Receivables and Collections - shows the current beginning fiscal year balance of all receivables; and the **cumulative activity during the fiscal year** as of the end of the quarterly reporting period for new receivables, accruals, collections, adjustments, amounts written-off, and the ending balance at the end of the reporting period. Additionally, receivables are classified as foreign/sovereign, state and local government, rescheduled, and interest and late charges.

Information is reported at the entity level. It includes delinquent and non-delinquent receivables, as well as, current (due within 12 months from the quarter end date) and non-current (due beyond 12 months from the quarter end date) receivables. *Reminder: dollar amounts reported are at gross book value.*

By Line

- (1) **Beginning FY Balance:** The number and dollar amount of all receivables outstanding as of the beginning of the fiscal year. These figures are system generated and must agree with the ending balance reported for the previous fiscal year. Typically, these figures will remain unchanged throughout the fiscal year.
- (2) **New Receivables:** The number and dollar amount (principal only) assessed by the agency of all new receivables generated during the fiscal year.
- (3) **Accruals:** The dollar amount of earned interest and late charges accrued during the current fiscal year.

- (4) **Collections on Receivables:** The dollar amount of collections on *all debts*, including delinquent, non-delinquent, restored and written-off debt, during the fiscal year. Enter collections with a minus (-) sign before the figures. Non-cash collections (for example, personal property or services rendered) are to be footnoted.

The total dollar amount equals the sum of lines 4A, 4B, 4C, and 4D of this section, and is system generated.

(A) **At Agency:** The dollar amount for both delinquent and non-delinquent debt worked and collected at the agency.

(B) **At Third Party:** The dollar amount for both delinquent and non-delinquent debt collected by a third party other than the Department of Justice or private collection agency, such as a guaranty agency.

(C) **Asset Sales:** The dollar amount of proceeds realized from the sale of a loan or debt asset.

(D) **Other:** The dollar amount of all other collections both delinquent and non-delinquent not recorded in lines 4A, 4B, or 4C above. Other collection tools or techniques include, but are not limited to, wage garnishment, private collection agencies, designated debt collection center, and foreclosure. Amounts reported on this line must be footnoted to identify the collection tools or techniques used.

- (5) **Adjustments:** The number and dollar amount of changes to receivables during the fiscal year due to reclassifications or adjustments, acquisition of property, estimated losses on acquired property, or consolidations. The total dollar amount equals the sum of lines 5A, 5B, and 5C of this section and is system generated. These lines may be either positive or negative.

(A) **Reclassified/Adjusted Amounts:** The dollar amount reclassified or adjusted and transferred into or out of receivables balances during the fiscal year. The amounts may include, but are not limited to, corrections to a

previously reported receivable, refunds of amounts previously reported as collections, adjustments made in a prior reporting period, adjustments due to the acquisition of property serving as collateral on a direct or defaulted guaranteed loan, and estimated losses on collateralized debt. If a collection is received for a debt that has been written-off, the amount collected would be restored as a receivable by reporting an adjustment in this line.

This line item may be either positive or negative. **All amounts reported on this line are to be footnoted with the reason for the adjustment.**

(B) Adjustments Due to the Sale of Assets: The dollar amount of the difference between the gross book value of an asset and the proceeds from the sale of the asset, as recorded as a collection in line 4C.

(C) Consolidations: The dollar amount of proceeds received through loan consolidations. Loan consolidations include, but are not limited to, defaulted guaranteed loans that are closed and reestablished as direct loans.

- (6) Amounts Written Off:** The number and dollar amount of all uncollectible receivables written off during the fiscal year. Enter amounts written off with a minus (-) sign before the figures. Do not include estimated losses on collateralized debt. That figure is to be included on line 5A of this section.

(A) Currently not Collectible: The number and dollar amount of debts greater than 2 years old where collection continues and the debt is not closed out.

(B) Written off and Closed Out: The number and dollar amount of debts that result in the termination of all collection activity and elimination of the accounts from further servicing.

- (7) Ending Balance:** The number and dollar amount of receivables outstanding, at the end of the reporting period. The dollar amount is equal to the sum of lines 1, 2, 3, 4, 5, and 6 of this section and is system generated. Lines 4 and

6 are negative figures. Line 5 may be either positive or negative. The number and dollar amounts of lines 7A and 7B of this section do **not** equal line 7.

(A) **Foreign/Sovereign:** The number and dollar amount of receivables owed to the Government by Sovereign nations. Do not include debts owed by foreign corporations or foreign individuals. Those debts are considered non-government, domestic debts and reported as a receivable in this section. This line is for informational purposes. The number and dollar amount are included in line 7 above.

(B) **State and Local Government:** The number and dollar amount of receivables owed to the Government by state governments, local governments, public colleges and universities. This line is for informational purposes. The number and dollar amount are included in line 7 above.

- (8) **Rescheduled Debt:** Classify rescheduled debt in lines A and B below. This information is included on line 7, Ending Balance, of this section.

(A) **Delinquent:** The number and dollar amount of rescheduled debt for which payments have **not** been received according to new or modified terms of an agreement to repay the debt.

(B) **Non-Delinquent:** The number and dollar amount of rescheduled debt for which payments are being received according to new or modified terms of an agreement to repay the debt.

- (9) **Interest & Late Charges:** The dollar amount of interest and late charges associated with the total outstanding receivables due from the public, at the end of the reporting period, i.e., reported on line 7, "Ending Balance".

PART I

SECTION B: DELINQUENT DEBT BY AGE

Section B Delinquent Debt by Age		
(1) Total Delinquencies(+)		
(A) 1-90 Days(+)		
(B) 91-180 Days(+)		
(C) 181-365 Days(+)		
(D) 1-2 Years(+)		
(E) 2-6 Years(+)		
(F) 6-10 Years(+)		
(G) Over 10 Years(+)		
(2) Commercial(+)		
(3) Consumer(+)		
(4) Foreign/Sovereign Debt(+)		

General

Section B - **Delinquent Debt by Age** - contains an aging schedule and classifies delinquent debt by Commercial, Consumer, and Foreign/Sovereign categories.

The following criteria must be used when preparing this section:

Receivables are recorded as delinquent if not paid by the payment due date unless terms of the contract or agreement provide otherwise. If the contract or agreement provides for a “grace” period, then the receivable is not considered delinquent until that period expires without payment.

Receivables which are recorded as delinquent are aged from the payment due date or the day notification of debt was mailed depending on the contract or agreement, i.e., date of delinquency. If a “grace” period expires without payment, then the receivable is aged from the original payment due date or date of notification.

Rescheduled receivables in a repayment plan and receivables being paid in installment agreements which are being paid as agreed are not considered delinquent receivables.

Each delinquent debt is only to be counted once. For example, past due installments for the same account should be counted as one delinquent receivable.

Multiple loans for a single borrower are to be counted as a separate debt for each loan.

The entire amount of debt is recorded as delinquent if any part of it has been delinquent more than 180 days, provided the debtor has been notified that the entire amount is due (or accelerated).

By Line

- (1) **Total Delinquencies:** The number and dollar amount of receivables reported on line 7 (Outstanding Receivables, Ending Balance) in Part I, Section A that are delinquent at the end of the quarterly reporting period. Debts with portions in different aging categories, such as may occur when a debtor becomes delinquent on multiple installment payments, are to be reported in the most delinquent (oldest) category. The total dollar amount equals the sum of lines A through G of this section. The total dollar amount also equals the sum of lines (2) and (3) of this section. The total dollar amount is system generated.

Lines (A) through (G) show the dollar amounts of receivables that are delinquent for the respective time periods (1-90 days, 91-180 days, 181-365 days, 1-2 years, 2-6 years, 6-10 years, and over 10 years).

- (2) **Commercial:** The number and dollar amount of delinquent commercial accounts.
- (3) **Consumer:** The number and dollar amount of delinquent consumer accounts.
- (4) **Foreign/Sovereign Debt:** The number and dollar amount of delinquent debt owed to the Government by sovereign nations. Do not include debts owed by foreign corporations or foreign individuals, those debts are considered non-government, domestic debts.

PART II
DEBT MANAGEMENT TOOL AND TECHNIQUE
PERFORMANCE DATA

Part II of the Receivables Report contains management information on the status of delinquent debt by collection management tools and techniques, age, eligibility for referrals, collections, and debt disposition.

Instructions

PART II

SECTION A: DELINQUENT DEBT 180 DAYS OR LESS

Part II - Debt Management Tool and Technique Performance Data		
	Number	Dollars
Section A Delinquent Debt 180 Days or Less		
(1) Total Delinquencies 1-180 Days(+)		
(A) In Bankruptcy(+)		
(B) In Forbearance or In Formal Appeals Process(+)		
(C) In Foreclosure(+)		
(D) At Private Collection Agencies(+)		
(E) At DOJ(+)		
(F) Eligible for Internal Offset(+)		
(G) In Wage Garnishment(+)		
(H) At Treasury for Cross Servicing(+)		
(I) At Treasury for Offset(+)		
(J) At Agency(+)		
(K) Other - must footnote(+)		

General

Section A - **Delinquent Debt 180 Days or Less** - captures delinquent debt information on the following collection tools and techniques: in bankruptcy, in forbearance or in formal appeals, in foreclosure, at a private collection agency, in litigation, eligible for internal offset, in wage garnishment, at Treasury, and at agency. This section is designed to provide specific information on the actions an agency is taking to collect its debts between 1 and 180 days delinquent.

The following criteria must be used when preparing this section:

(A) Categories are not always mutually exclusive. An agency may refer a debt to a private collection agency and to Treasury for offset at the same time. This debt should be reported in both places.

(B) Debts at Treasury for cross servicing, a designated debt collection center, other third party, or the Department of Justice for litigation will not be reported in any other category, even though the entity working the debt may have referred it to a private collection agency or to Treasury for offset.

By Line

(1) Total Delinquencies 1- 180 Days: The cumulative dollar amount of delinquent debt outstanding 180 days or less as of the end of the quarterly reporting period. The dollar amount is system generated and will equal the sum of Part I, Section B, lines 1A and 1B. Because the categories are not mutually exclusive, the sum of lines 1A through 1K of this section may **not** equal this line.

(A) In Bankruptcy: The number and dollar amount of delinquent collateralized or uncollateralized debt in bankruptcy.

(B) In Forbearance or In Formal Appeals Process: The number and dollar amount of delinquent debt in a formal appeals process or appeals program. The results of the appeal affect whether a debt is considered valid and legally enforceable and/or the dollar amount to be collected. Debts in a formal appeals program represent debts that are still in negotiation.

(C) In Foreclosure: The number and dollar amount of delinquent debt, which is in foreclosure. To be “in foreclosure”, a notice of default must have been filed.

(D) At Private Collection Agencies: The number and dollar amount of delinquent debt outstanding at private collection agencies.

(E) At DOJ: The number and dollar amount of delinquent debt outstanding that is in litigation either at the Department of Justice or at agencies with the statutory authority to litigate.

(F) Eligible for Internal Offset: The number and dollar amount of delinquent debts that will be collected by internal agency offset. Internal offset occurs when an agency collects a delinquent debt by offsetting payments made or due to the delinquent debtor by that agency.

(G) In Wage Garnishment: The number and dollar amount of delinquent debt for which the agency is pursuing administrative wage garnishment. Do not include garnishment actions being pursued by the Department of Justice; these actions would be reported as in litigation on line E of this section.

(H) At Treasury for Cross-Servicing: The number and dollar amount of debt outstanding at Treasury for cross-servicing.

(I) At Treasury for Offset: The number and dollar amount of debt outstanding at Treasury for offset. The Treasury Offset Program combines Administrative and Salary Offsets. This amount will also include delinquent accounts referred for Tax Refund Offset.

(J) **At Agency:** The number and dollar amount of delinquent debt being worked at the agency. Debt being worked at the agency includes, but is not limited to, in counsel, Federal salary offset initiated by the agency, or pending referral to the Department of Justice for litigation.

(K) **Other:** The number and dollar amount of delinquent debts outstanding that is being worked by management tools or techniques not represented in lines 1A through 1J of this section. Other tools and techniques include, but are not limited to, debts at third parties - such as a guaranty agency or financial institution, and debts at a designated debt collection center. All amounts reported on this line are to be footnoted to identify the tool or technique being used.

PART II

SECTION B: DELINQUENT DEBT 181 DAYS and OVER

Section B Debt Eligible for Referral to Treasury for Offset and Cross-Servicing			
(1) Debt Eligible for Referral to Treasury for Offset			
(A) Delinquent Debt Over 180 Days and Currently not Collectible			
(B) In Bankruptcy(-)			
(C) Foreign Sovereign Debt(-)			
(D) In Forbearance or Formal Appeals Process(-)			
(E) In Foreclosure(-)			
(F) Other - must footnote(+ or -)			
(G) Debt Eligible for Referral to Treasury for Offset(+)			
(H) Debt Referred to DOJ/Litigation(-)			
(I) Debt Eligible for Referral to Offset by Agency			
(J) Debt Referred to Treasury for Offset(-)			
(K) Balance of Debt Eligible for referral by the Agency			
(2) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing			
(A) Debt Eligible for Referral to Offset by Agency			
(B) At PCAs(-)			
(C) Eligible for Internal Offset(-)			
(D) Debt Exempted by Treasury from Cross Servicing(-)			
(E) Other - must footnote(+ or -)			
(F) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing(+)			
(G) Debt Referred to Treasury for Cross Servicing(-)			
(H) Balance of Debt Eligible for referral by the Agency			

General

Section B - Debt Eligible for Referral to Treasury for Offset and Cross-Servicing - captures delinquent debt information according to eligibility for referral to Treasury for offset and cross-servicing. Exceptions for debt referrals to Treasury for offset include, but are not limited to, the following categories: bankruptcy, foreign/sovereign debt, forbearance programs, formal appeals, and foreclosure. Exceptions for debt referrals to Treasury for cross-servicing include the offset exception categories, in addition to, debts at private collection agencies, in litigation, and eligible for internal offset.

Note: Debts that are more than 10 years delinquent may not be referred for offset, unless authorized by Federal law, for example, the Department of Education's student loans.

This information is being requested to assist in identifying what actions agencies are taking to collect serious delinquent debt, relative to compliance with the requirements of the DCIA. The DCIA requires agencies to (1) notify Treasury of all debts delinquent more than 180 days for offset and (2) refer to Treasury, with the aforementioned exceptions, all debts delinquent more than 180 days for cross-servicing debt collection.

By Line

(1) Debt Eligible for Referral to Treasury for Offset

(A) Delinquent Debt Over 180 Days and Currently Not Collectible: The dollar amount of debt that is over 180 days delinquent but not over 10 years delinquent and amounts included in currently not collectible. The dollar amount on this line equals the sum of lines 1C through 1F of Part I, Section B added to the sum of lines 1A through 1D of Part II, Section D. *Exception: The Department of Education Student Loan Program, or other programs with similar authority, should report debts that are delinquent over 10 years.*

(B) In Bankruptcy: The number and dollar amount of delinquent collateralized or uncollateralized debt in bankruptcy. Enter number and dollar amounts with a minus (-) sign before the figures.

(C) Foreign Sovereign Debt: The number and dollar amount of delinquent debt owed to the Government by sovereign nations. Do not include delinquent debts owed by foreign corporations or foreign individuals. Those debts are considered to be non-government, domestic debt. Enter number and dollar amounts with a minus (-) sign before the figures.

(D) In Forbearance or Formal Appeals Process: The number and dollar amount of the debt that is deferred because of a formal forbearance program or appeals process. Debts that are subject to forbearance or that are under appeal generally are not “legally enforceable”. The results of an appeal determine whether a debt is considered valid and legally enforceable and/or the dollar amount to be collected. Enter number and dollar amounts with a minus (-) sign before the figures.

(E) In Foreclosure: The number and dollar amount of delinquent collateralized debt in foreclosure. To be “in foreclosure” a notice of default must have been filed. Enter number and dollar amounts with a minus (-) sign before the figures.

(F) Other: The number and dollar amount of delinquent debt that is exempt from, or adjusted to, referral to Treasury for reasons other than those listed in lines A through E above. Amounts entered on this line must be footnoted with the reason for exempting or adjusting the debt referral. Number and dollar amounts may be positive or negative. Enter negative amounts with a minus (-) sign before the figures.

(G) Debt Eligible for Referral to Treasury for Offset:

The number and dollar amount of delinquent debt over 180 days but not over 10 years that is eligible for referral to Treasury for offset. The dollar amount on this line equals the sum of lines 1A through 1F of this section and is system generated. Enter the number of cases appropriate for this line.

(H) Debt Referred to DOJ/Litigation: The number and dollar amount of delinquent debt over 180 days that has been referred for litigation; this may include DOJ referrals or internal referrals at agencies with statutory authority to litigate.

(I) Debt Eligible for Referral to Offset by the Agency:

This line is calculated. It is the number and dollar amount of delinquent debt over 180 days less than 10 years that is eligible for referral to Treasury for offset. The number and dollar amount of this line equals G minus H. (This will apply unless there is statutory or regulatory authority for debts over 10 years such as, Department of Education, Health and Human Services, and Veterans Administration.)

(J) Debt Referred to Treasury for Offset: Of the amount eligible, the number and dollar amount of delinquent debt over 180 days that has been referred to Treasury for offset.

(K) Balance of Debt Eligible for Referral by the Agency:

This line is calculated. The number and dollar amount of delinquent debt over 180 days, but not over 10 years that is eligible for referral to Treasury for offset. The dollar amount of this line equals I minus J.

(2) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing.

(A) Debt Eligible for Referral to Treasury for Offset:

The number and dollar amount of delinquent debt over 180 days that is eligible for referral to Treasury for offset. This line is equal to line 1I of this section and is system generated.

(B) At Private Collection Agencies: The number and dollar amount of delinquent debt outstanding at private collection agencies. Enter number and dollar amounts with a minus (-) sign before the figures.

(C) Eligible for Internal Offset: The agency is enforcing collection of the debt through an internal offset. Delinquent debts are eligible for internal offset, if such offset is sufficient to collect the claim within 3 years after the date the debt or claim is first delinquent. Enter number and dollar amounts with a minus (-) sign before the figures.

(D) Debt Exempted by Treasury from Cross Servicing: Enter the number and dollars amount of delinquent debt that has been formally exempted by Treasury from cross-servicing.

(E) Other: The number and dollar amount of delinquent debt that is exempt from, or adjusted to, referral to Treasury for reasons other than those listed in lines 2B through 2D above. *Add delinquent debts that are over 10 years old and are not exempt from referral for cross-servicing.* Other exempt categories include, but are not limited to, debts at third parties—such as a guaranty agency or financial institution which is servicing the delinquency on behalf of the agency, debts at a designated debt collection center, debts scheduled for sale, debts in a non-judicial garnishment of private sector wages process, or debts referred to Treasury but returned to the agency. Amounts entered on this line must be footnoted with the reason for exempting or adjusting the debt referral. Number and dollar amounts may be positive or negative. Enter negative amounts with a minus (-) sign before the figures.

(F) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing: The number and dollar amount of delinquent debt over 180 days that is eligible for referral to Treasury or a designated debt collection center for cross-servicing. Debts returned to the agency for write-off concurrence would still be reported in one of the above categories. This line equals

the sum of lines 2A through 2E of this section and is system generated.

(G) Debt Referred to Treasury for Cross Servicing: Of the amount eligible, the number and dollar amount of delinquent debt over 180 days that has been referred to Cross-Servicing for offset.

(H) Balance of Debt Eligible for Referral by the Agency: This line is calculated. The number and dollar amount of delinquent debt over 180 days, but not over 10 years that is eligible for referral to Treasury for cross servicing. The dollar amount of this line equals 2F minus 2G.

PART II

SECTION C: COLLECTIONS

Section C Collections		
(1) Collections on Delinquent Debt		
(A) By Private Collection Agencies(+)		
(B) By Litigation(+)		
(C) By Internal Offset(+)		
(D) By Third Party(+)		
(E) By Asset Sales(+)		
(F) By Wage Garnishment(+)		
(G) By Treasury/Designated Debt Collection Center Cross Servicing(+)		
(H) By Treasury Offset(+)		
(I) By Agency(+)		
(J) Other - must footnote(+)		

General

Section C - **Collections** - captures information on all collections of delinquent accounts by management tool and technique.

Collections are not always mutually exclusive. The number and dollar amounts are recorded in each tool or technique that collected funds.

The purpose for requesting this information is to assist agencies in assessing the effectiveness of their current debt collection strategies. This information allows agencies to compare the number of cases and dollar amounts collected from each tool to the number and dollar amounts of debts applied to each tool.

The following criteria must be used when preparing this section:

Categories are not always mutually exclusive. An agency may collect a debt from a private collection agency and from Treasury's Offset program at the same time. The collections should be reported in both places.

Collections by Treasury's cross servicing program or a designated debt collection center, third party, or the Department of Justice (by litigation) will not be reported in any other category, even though the entity working the debt may have received funds from a private collection agency or from Treasury's Offset Program.

The actual number of debts or claims for which collections were received is to be reported. If amounts were received for the same debt by more than one tool or technique, the debt is to be counted once for each tool or technique that was successful in collection.

- (1) **Collections on Delinquent Debt:** The dollar amount of collections on delinquent debts. Include collections of delinquent debt that were written off and subsequently restored during the fiscal year. Non-cash collections (for example, personal property or services rendered) are to be footnoted.

The dollar amount for this line equals the sum of lines 1A through 1J of this section and is system generated.

Collections on receivables will be itemized in the following categories:

(A) **By Private Collection Agencies:** The number and dollar amount of delinquent debt collected by private sector collection agencies under contract with the agency or Treasury. Do not include collections by Private Collection Agencies realized through other services, e.g., a designated debt collection center.

(B) **By Litigation:** The number and dollar amount of delinquent debt collected by the Department of Justice through litigation or by agencies with the statutory authority to litigate. Include judicial foreclosure, bankruptcy, cash, and non-monetary settlements.

(C) **By Internal Offset:** The number and dollar amount of delinquent debt collected through an internal offset. An internal offset occurs when an agency collects by offsetting payments made or due to the delinquent debtor by another program within that agency.

(D) **By Third Party:** The number or dollar amount of delinquent debt collected by a third party other than the Department of Justice or private collection agency, such as a guaranty agency.

(E) **By Asset Sales:** The number and dollar amount of proceeds realized from the sale of a delinquent loan or debt asset.

(F) **By Wage Garnishment:** The number and dollar amount of collections received as the result of non-judicial (administrative) garnishment of private sector wages. **Do not** include Federal employee salary offsets; Federal employee salary offsets are collected through the Treasury Offset Program.

(G) **By Treasury/Designated Debt Collection Center Cross Servicing:** The number and dollar amount of

delinquent debt collected by Treasury through its cross-servicing program. Report total collections realized by Treasury as the result of cross-servicing. For example, if you sent debts to Treasury and it collected via a private collection agency or Treasury Offset, report the entire amount of the collection as a Treasury Cross-Servicing collection.

(H) By Treasury for Offset: The number and dollar amount of delinquent debt collections realized by Treasury or by a non-Treasury disbursing officer through the offset of a Federal payment. Federal payments of benefits, tax refunds, salary, or vendors are subject to offset.

(I) By Agency: The number and dollar amount of delinquent debt worked and collected at the agency.

(J) Other: The number and dollar amount of delinquent debt collected by management tools or techniques not represented in lines 1A through 1I above. All amounts reported on this line are to be footnoted to identify the collection method used.

PART II

SECTION D: DEBT DISPOSITION

Section D Debt Disposition		
(1) Currently not Collectible (Written Off and Not Closed Out)		
(A) At Private Collection Agencies(+)		
(B) At Treasury or a Designated Debt Collection Center for Cross Servicing(+)		
(C) At Treasury for Offset(+)		
(D) Other - must footnote(+)		
(2) Reported to IRS on Form 1099-C (Written Off and Closed Out)		

Section D - **Debt Disposition** - captures information on the number and dollar amount of selected categories of written-off delinquent debt. The purpose of requesting the information in this section is to identify the amount of debt which has been written off, but on which the agency is still pursuing collection action.

The number and amount for line 1 of this section shall be a cumulative number, representing all written off debt from the current and preceding fiscal years, on which the agency is continuing to pursue collection action.

By Line

(1) **Currently not Collectible (Written-off and Not Closed-Out):** The number and dollar amount of receivables that have been written-off (removed from agency accounting records) and not closed-out (reported to the IRS on Form 1099-C). This line should equal the sum of lines A through D of this section.

(A) **At Private Collection Agencies:** The number and dollar amount of receivables that have been written-off but are still being pursued for collection by a private collection agency.

(B) **At Treasury or a Designated Debt Collection Center for Cross Servicing:** The number and dollar amount of receivables that have been written-off, but whose collection is being pursued by a designated debt collection center, including at Treasury, for cross-servicing.

(C) **At Treasury for Offset:** The number and dollar amount of receivables that have been written-off and referred to Treasury to be entered in the Treasury Offset Program delinquent debtor database.

(D) **Other:** The number and dollar amount of receivables that have been written off and not included in lines 1A through 1C. Amounts reported on this line should be footnoted to explain other circumstances.

- (2) **Reported to IRS on Form 1099-C (Written-off and Closed Out):** The number and dollar amount of debt that has been reported as income to the IRS on Form 1099-C during the fiscal year. Reporting to IRS always occurs in the 2nd Quarter of the fiscal year (February). For example, if a debt is written off in March 1996 and the agency decides to terminate all efforts to collect it in June 1997, the debt would be reported to IRS in February 1998, and reported to FMS on the 2nd quarter 1998 report.

Debts reported on this line have been written off and closed out. **Note:** If there is a significant difference between the amount of debt reported as closed out and the amount of debt reported to the IRS, please describe in the footnote section the amount of this difference and the reason for this difference.

PART III FOOTNOTES

When footnotes are either required in the instructions or necessary for clarification, they are prepared, and submitted via Internet along with Parts I and II of the report. Footnotes are required whenever agencies' criterion is inconsistent with Treasury's definition of data requirements. Footnotes should be entered in the designated area and referenced to the appropriate line item.

GLOSSARY

Administrative Offset	Withholding money payable by the Government to, or held by the Government for, a person or entity to satisfy a debt that the person or entity owes the Government.
Administrative Receivable	Any receivable other than a direct loan or a defaulted guaranteed loan, such as, but not limited to: fines, penalties, sales of goods and services, overpayments of salaries and benefits, and travel advances.
Agency Counsel	An entity established within a government organization to handle its legal matters.
Appeal	An administrative process of seeking review by a higher authority of a decision made by a lower authority.
Bankruptcy	A process established under Federal law whereby a debtor may seek relief from the claims of creditors.
Close Out	An event that occurs concurrently with, or subsequent to, an agency decision to write-off a debt for which the agency has determined that future additional collection attempts would be futile. At close-out, an agency reports to the IRS the amount of the closed out debt as income to the debtor on IRS Form 1099-C, in accordance with Treasury requirements. No additional collection action may be taken by the agency after issuing the IRS Form 1099-C.
Commercial	A business activity, regardless of whether that activity has been undertaken by an individual or business (for example, a loan to a farmer to purchase additional land for farming; a loan for multi-family housing; a loan made to a university or college for housing; a fine against a business or an organization; or assessment against a business/corporation).
Consumer	A personal activity (for example, a loan made to an individual to purchase a residence; a loan made to an individual to attend an educational institution; a travel advance; or assessment against an individual).

Cross-Servicing	Collections of debt by an organization on behalf of another agency.
Debt Collection	The recovery of delinquent amounts due after routine follow-up fails. This activity includes the assessment of the debtor's ability to pay, the exploration of a possible alternative arrangement to increase the debtor's ability to pay, and other efforts to secure payment.
Defaulted Guaranteed Loan	A receivable created when the Government acquires a guaranteed loan in satisfaction of a default or other claim.
Delinquent	<p>The failure of the debtor to pay an obligation by the date specified in the agency's initial written notification or applicable contractual agreement, unless other satisfactory payment arrangements have been made by that date. Delinquency would also occur if, at anytime thereafter, the debtor fails to satisfy the obligations under the payment arrangement with the creditor agency.</p> <p>If the debtor fails to pay the debt by the specified date, the debt is delinquent and the "date of delinquency" is the day given as the payment due date for contractual agreements or the day notification of the debt was mailed, as appropriate.</p> <p>If any part of a debt has been delinquent more than 180 days, agencies should report the entire amount of the debt as delinquent if the debtor has been notified that the entire amount is due (or accelerated).</p>
Direct Loan	A receivable created when the Government agrees to disburse funds and contracts with the debtor for repayment, with or without interest.
Forbearance	<p>The act of surrendering the right to enforce a valid claim usually in return for a binding promise to perform a specified act. Forbearance sometimes refers to an agreement by a lender to refrain from taking legal action when a mortgage is in arrears, as long as the borrower complies with a satisfactory arrangement to pay off the past due balance by a future date.</p>
Foreclosure	An involuntary payment of a debt secured by collateral by seizing the collateralized property.
Gross book value	The gross amount at which the receivable asset appears on the books of account. The gross book value is the amount appearing

in a receivable account prior to applying the applicable valuation allowances for doubtful accounts.

Interest

The charge assessed as a cost of extending credit as distinguished from late payment interest charged on a delinquent debt. Interest costs for extending credit would only accrue on current receivables (that is, those receivables due within the next year).

Late Charges

The amounts accrued and assessed on a delinquent debt. Late charges include the following:

Administrative costs: costs incurred in processing and handling a delinquent debt. Costs should be based on actual costs incurred or cost analyses which estimate the average of actual additional costs incurred for particular types of debt at similar stages of delinquency. Administrative costs should be accrued and assessed from the date of delinquency.

Penalties: a punitive charge assessed for delinquent debts. The rate to be assessed is set by law at no more than 6% per year and is assessed on the portion of a debt remaining delinquent more than 90 days, although the charge will accrue and be assessed from the date of delinquency. Penalties should be assessed unless otherwise provided in legislation or a contractual agreement.

Late payment interest: the charge assessed on delinquent debts based on the time value of money owed and not paid when due. As established by the Debt Collection Act of 1982, the minimum annual rate to be assessed is the Department of the Treasury's Current Value of Funds Rate. A higher rate may be used if judged by the agency as necessary to protect the Government's interests. Late payment interest is accrued and assessed from the date of delinquency, and should be assessed unless otherwise provided in legislation or a contractual agreement. Additionally, late payment interest may be waived by the agency at any time (must then be written off) or it may accrue indefinitely.

Litigation

A legal action or process taken in a court of competent jurisdiction for full or partial debt recovery.

Net Present Value

Current worth of dollars of an investment's future cash flow.

Present Value	The value now of a future sum or sums discounted, assuming compound interest.
Principal	The amount owed by the debtor to the Government, excluding interest, penalties, administrative costs, fees, and prepaid charges.
Receivable	An amount owed the Government by an individual, organization, public entity (for example, state and local governments) or other entity to satisfy a debt or claim. Examples of receivables generated by Government activities include, but are not limited to, amounts due for taxes, loans, sales of goods and services, fees, fines, penalties, forfeitures, interest, and overpayments of salaries and benefits. If an individual/entity has been billed, and the debt is under appeal, the debt is considered a receivable.
Rescheduled	Modifying terms and conditions to facilitate repayment of a debt, which includes establishing new terms as a result of changes in authorizing legislation. An example is Congressional action allowing farmers to have an additional five years to pay off their loans. Rescheduling is also called restructuring, refinancing, and reamortizing. Rescheduled receivables are not considered delinquent unless the debtor fails to pay under the rescheduled terms.
Wage Garnishment	The process of withholding amounts up to 15% of an employee's disposable pay and the paying of those amounts to a creditor.
Write-Off	An event that occurs when an agency official determines, after all appropriate collection tools and techniques have been used, that a debt or a portion of a debt is uncollectible. The uncollectible amount is removed from an entity's receivables; however, collection attempts can be made after receivables are removed. Department of Justice concurrence is required for write-offs or compromises of debts greater than \$100,000. If a debt is compromised, the amount no longer due should be reported as written off.